

Department of Employee Trust Funds
WISCONSIN RETIREMENT SYSTEM ADMINISTRATION MANUAL

CHAPTER 0 — PREFACE

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This Employer Administration Manual is intended to be a reference source to aid your administration of the Wisconsin Retirement System (WRS). This manual is based on state statute and administrative code and contains instruction relevant to administrative and reporting practices of the WRS. The development of statutes, administrative code, and case law is ongoing. Therefore, statutes and rules may be revised subsequent to the printing of this manual. This agency will make every effort to communicate changes to employers via *Employer Bulletins*. This manual contains examples relevant to the administration of the WRS but may not cover every eventuality. Specific WRS questions and situations will be considered with regard to current statute, administrative code and/or case law by this agency. Consult the manual as a first-step resource when you encounter WRS-related questions or concerns.

The **Employer Communication Center** provides a single point of contact to resolve issues regarding eligibility and enrollment for all ETF benefit programs. Incoming calls are routed to staff members within the Bureau of Employer Administration. A central voicemail system handles calls if Employer Communication Center staff lines are busy. The voicemail system is monitored on a regular basis and all calls are returned within 24 hours. The **Employer Communication Center** phone number is **(608) 264-7900**.

We appreciate your efforts to accurately administer the provisions of the WRS. If you have comments on this edition or suggestions for the next edition of the manual, please contact the Employer Communication Center at (608) 264-7900.

001 Programs Administered

ETF administers several employee benefit programs including:

Wisconsin Retirement System

The Wisconsin Retirement System (WRS) is a multi-employer qualified retirement system under Section 401(a) of the Internal Revenue Code. Employees of the State of Wisconsin, University of Wisconsin, local government employers, technical colleges, and school district employers are included in this system with some exceptions.

The WRS is a hybrid pension plan with both defined benefit and defined contribution components. Although structured as a defined benefit plan, separate individual accounts for all participants are maintained. Contributions, both employee required and employer required, change as determined by the actuary with the former recorded directly on individual participant accounts. Annual interest adjustments are added to each participant's account balance based either on the earnings of the trust or on a pre-defined interest adjustment mandated in Wisconsin statutes.

Because of this hybrid design, a participant's retirement benefit is based on the higher of two calculations:

1) A defined benefit formula: Uses the three highest year's earnings to calculate the final average earnings and the number of years of WRS creditable service to determine the benefit. An actuarial reduction is applied if the benefit begins before the employee attains normal retirement age or a specified age and number of years of service (e.g., for general employees age 57 with 30 years of service).

OR

2) A money purchase (defined contribution) benefit: Calculated based on the value accumulated in the participant account at the time of retirement and matched equally with an amount from the employer reserve. Although an actuarial reduction is not directly applied based on the employee's age, a minimum retirement age must be attained to be eligible for any WRS annuity benefit (e.g., age 55 for general employees).

Deferred Compensation

The Wisconsin Deferred Compensation Program (WDC) is a supplemental retirement savings program regulated by Section 457 of the Internal Revenue Code. Eligible employees may invest a portion of pre-tax earnings (up to the maximum allowed by Sec. 457) through payroll deduction in any of the investment options offered by the program.

Group Life Insurance Plans

The Group Life Insurance program is offered to employees of the state and to employees of local units of government that have elected to join the Wisconsin Public Employers Group Life Insurance Program. Each employee must be an active member of the WRS for at least six months in order to be eligible for group life insurance participation.

Elected state officials are immediately eligible for participation in the life insurance program. For rehired employees who have not applied for and received a separation benefit from the retirement system eligibility is dependent upon the amount of their previous WRS service. Employees who reach age 70 before becoming eligible for coverage are only eligible to apply for the Age 70 and Over Additional Plan.

If eligible, coverage is provided without evidence of insurability if the application is received during the initial 30-day enrollment period. Late enrollees must give evidence of insurability and may not apply after age 55 (age 70 for spouse and dependent coverage and additional coverage).

Plans available to eligible employees are:

- **Basic Life Insurance:** The Basic Plan features group term life insurance equal to 100% of the employee's previous WRS calendar year earnings rounded up to the next thousand. It also provides for reduced amounts of coverage when the employee retires, and for employees over age 65 (age 70 if still working) without cost. The employer is required to contribute to the cost of this insurance.
- **Supplemental Life Insurance:** The Supplemental Plan provides coverage equal to the employee's previous WRS calendar year's earnings rounded up to the next thousand. The state contributes to the cost of this coverage for state employees. Local government employers are not required to contribute.
- **Additional Life Insurance:** The Additional Plan provides units of coverage equal to the employee's previous WRS calendar year's earnings rounded up to the next thousand. Employer contributions are not required. If offered by the employer, the employee may choose one, two, or three units of Additional coverage.
- **Age 70 and Over Additional Plan:** The Age 70 and Over Additional Plan provides units of coverage equal to the employee's previous WRS calendar year's earnings rounded up to the next thousand. If offered by the employer, the employee may choose one, two, or three units of coverage. When the employee turns age 70, Basic coverage will reduce to the final post-retirement coverage level and continue for life with no premiums due. Supplemental coverage ceases on the employee's 70th birthday.
- **Spouse and Dependent Life Insurance:** The Spouse and Dependent Plan provides coverage for a spouse and all dependent(s). If one unit of coverage is elected, a spouse will have \$10,000 in coverage and each dependent (regardless of the number)

will have \$5,000 in coverage. If two units are elected, a spouse will have \$20,000 in coverage and each dependent will have \$10,000.

Income Continuation Insurance

Income Continuation Insurance (ICI) protection is available to employees covered by the WRS, who have participated under the WRS for a period of six months, and whose employer is the state or is a local employer that has elected to participate in the ICI program.

The ICI plan replaces a substantial portion of the employee's income in the event the employee becomes disabled. Benefits for physical or mental disabilities under this program begin after an elimination period has been satisfied. Rehabilitation training expenses, if approved, are covered by the program. Coverage may be continued for a maximum of 36 months during an authorized leave.

The ICI plan is intended to cover both short and long-term disabilities. The plan is integrated with all benefits available to an employee from other state or federal programs, meaning that ICI benefits are reduced by the amount of these other income replacement benefits.

Group Health Insurance

The Group Health Insurance Program is available to:

- Local government employees covered by the WRS whose employer has elected to participate in the program. Depending upon the employee's geographic location, the program allows a choice among two or more health care plans. The employee may enroll either:
 - Within 30 days of hire (effective first of the month on or after the employer's receipt of the application); or
 - Prior to becoming eligible for the employer's contribution toward premium, with coverage effective the first of the month on or after the date the employer contribution begins.

The employer determines the beginning date and the amount of the employer contribution (within guidelines established by the program). The employer must contribute at least 50%, but no more than 105%, of the premium for the lowest cost qualified health care plan available in the service area of the employer. (If the employee is appointed to a position working less than half-time, the minimum employer contribution is 25% of that premium.)

- State of Wisconsin employees covered by the WRS or in certain other jobs specified by statute are immediately eligible upon hire or before completing six months of state service under WRS. The state contribution toward the premium varies depending on which health plan the employee selects.

Employee Reimbursement Account (ERA) Program (State Agencies Only)

The ERA program is an optional tax-free benefit for state employees. It allows participants to earmark a portion of their pre-tax gross salary to pay certain IRS-approved expenses. By earmarking part of their pre-tax salary to pay expenses, participants effectively reduce their taxable gross income. This in turn significantly reduces their state and federal tax liability and increases their take-home salary.

Long-Term Disability Insurance Benefit (LTDI)

The LTDI benefit is available to certain eligible employees who are disabled by a mental or physical impairment that is expected to be of long-continued or indefinite duration. Unless the disability is work-related, the employee must have earned at least .33 years of creditable service in at least five calendar years during the period that includes the year in which the employee applies for LTDI benefits plus the preceding seven calendar years. ETF must receive the LTDI application within two years after the employee's last day worked for a WRS participating employer.

Social Security

ETF is the designated state agency to administer the State of Wisconsin's Section 218 Agreement with the Social Security Administration (SSA). The Section 218 Agreements provide for Social Security coverage of public employees. All employers participating in the WRS are covered by a Section 218 Agreement.

002 Administrative Offices

Madison

Mailing Address: PO Box 7931
Madison, WI 53707-7931

Office: Department of Employee Trust Funds
801 W. Badger Road
Madison, WI 53702

Telephone: (608) 264-7900 (*This number is for employer use*)
1-877-533-5020 (toll free) or (608) 266-3285 (local)
(*These numbers are for members seeking information from the Department—staff on these lines are not trained to resolve employer issues.*)

TTY: (608) 267-0676
FAX: (608) 266-5801

Milwaukee Office: Milwaukee State Office Building
819 North Sixth Street, Room 550
Milwaukee, WI 53203

Telephone: (414) 227-4294

Office Hours: 7:45 a.m. to 4:30 p.m. - Monday through Friday (except holidays)

003 Internet Address

ETF has designated a Web site with information on various benefit topics of interest to active/inactive members, retirees, and employers. The address is:

<http://etf.wi.gov>

The site contains numerous forms and brochures, maps to our Madison and Milwaukee offices, hot topics, e-mail for inquiries, past and present *Employer Bulletins*, and a WRS benefit calculator. The site provides links to related sites such as the State of Wisconsin Investment Board, Social Security Administration, and Internal Revenue Service.

004 Extranet Applications

This secured site provides detailed information regarding participants for purposes of administering ETF benefit programs. Applications are available for on-line WRS enrollments and the remittance of WRS contributions. Further applications are currently being developed. See Chapter 24 for more information.

005 Ordering ETF Forms

To order forms and brochures from ETF, please use our voice mail request line in Supply and Mail Services, (608) 266-3302. The voice mail program allows you to call and order forms and brochures by leaving a recorded message. The message will prompt you to provide the following:

- The four-digit form number beginning with the letters ET-, for example, ET-2316.
- The name of the form.
- The quantity desired.
- Your employer name.
- Your seven-digit employer identification number preceded by 69-036-

The message also will state the amount of time you should allow for your order to be filled.

Employers are also able to order forms online. See subchapter 003 for directions to the Web site.

Checking on the Status of an Order

Response time depends on the number of requests received, staffing levels and other workload demands. If you do not receive an order within three weeks, please call the request line to check the order's status. State the following:

- The date the order first was placed.
- Your employer name, your name, and telephone number.

Your call will be returned as soon as possible, informing you of the status of your order.

Receiving Partially Filled Orders

It is sometimes necessary to partially fill orders because forms may be temporarily in short supply. When this occurs, you may receive fewer copies than requested. A notice will be included with your partial order. The balance of your order is retained and filled when the forms become available. You do not need to resubmit the request.

Note: Should you have an urgent need to place an order, call the **Employer Communication Center** at (608) 264-7900.